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R. J. Reynolds Tobacco Company

WINSTON-SALEM, N. C.

FINANCIAL STATEMENT

DECEMBER 31, 1931.

CORP. FILE

Winston-Salem, N. C., January 13, 1932.

To the Stockholders of

R. J. REYNOLDS TOBACCO COMPANY:—

The Financial Report of your Company, at the close of business December 31, 1931, is hereby submitted.

Net Earnings for the year 1931, after deducting all charges and expenses of management, and after making provision for Interest, Taxes (including Federal and State Income Taxes), Depreciation, Advertising, etc.	$36,396,816.81

DEDUCT

Four quarterly dividends of seventy-five cents each per share	30,000,000.00
Balance carried to Undivided Profits	6,396,816.81

ADD

Undivided Profits December 31, 1930	55,836,524.21
Total Undivided Profits December 31, 1931	$62,233,341.02

FINANCIAL STATEMENT

DECEMBER 31, 1931.

ASSETS

CURRENT		
Cash	$34,479,270.87	
U. S. Gov't Securities due in 1932	9,995,000.00	
Accounts Receivable (net) for merchandise sold	10,206,149.82	
Leaf Tobacco, Supplies, Manufactured Product	85,780,878.24	$140,461,298.93
OTHER ASSETS		
Real Estate, Buildings, Machinery, Fixtures	26,321,395.37	
Deduct Depreciation, Obsolescence, etc. $9,437,062.18		
Less fully depreciated property written off during year 250,696.01	9,186,366.17	
	17,135,029.20	
Investments in Non-Competitive Companies, etc.*	13,413,287.26	
Bills and Notes Receivable	371,307.38	
Other Accounts Receivable	4,991,191.96	
Brands, Trade-Marks, Good Will	1.00	
Prepaid Expenses	483,983.81	36,394,800.61
		$176,856,099.54

*(Consisting almost entirely of Company's own stock in which the investment is below market price at December 31, 1931)

LIABILITIES

CURRENT		
Accounts Payable	$ 4,320,082.82	
Accrued Taxes and other Accrued Accounts	7,898,964.91	$ 12,219,047.73
RESERVES		
Contingencies		2,403,710.79
CAPITAL ACCOUNT		
Common Stock	10,000,000.00	
New Class B Common Stock	90,000,000.00	
Undivided Profits (after deduction of dividends payable January 1, 1932)	62,233,341.02	162,233,341.02
		$176,856,099.54

Respectfully,
R. D. SHORE, Treasurer.

WE HEREBY CERTIFY that we have examined the books of account and record of R. J. REYNOLDS TOBACCO COMPANY, Winston-Salem, N. C., at December 31, 1931, and it is our opinion that the above statement shows the true financial condition of the Company at the date stated, and that the accompanying Analysis of Undivided Profits Account is correct. Inventories of Leaf Tobacco, Supplies and Manufactured Product are valued at cost as in former years. The Investments are carried at less than cost and less than market price. As far as we could ascertain there were no contingent liabilities and we were informed none existed.

ERNST & ERNST,
Certified Public Accountants.